2017 Updated Funding Improvement Plan
for the
Operating Engineers Pension Trust

Introduction

This is the Funding Improvement Plan adopted by the Board of Trustees of the Operating Engineers Pension Trust ("Trust") on May 10, 2016, and updated on September 20, 2017. The Trustees adopted this Funding Improvement Plan pursuant to the requirements of federal law [Section 305 of the Employee Retirement Income Security Act ("ERISA") and Section 432 of the Internal Revenue Code ("Code")]. These federal laws are designed to assist pension plans in achieving and maintaining adequate funding so that the plans can provide promised pension benefits to participants and beneficiaries.

The Pension Protection Act of 2006 amended ERISA and the Code to require the actuary of a defined benefit plan to annually perform what is called a zone certification. The Operating Engineers Pension Plan ("Plan") is considered to be a defined benefit plan, and the Plan's actuary completed the zone certification for the Plan each year as required. Federal law specifies five potential zones into which a plan can fall, and each zone describes the relative financial strength and health of the plan. The five potential zones are: 1. Critical and Declining; 2. Critical; 3. Seriously Endangered; 4. Endangered; and 5. none of the foregoing, which is often referred to as the "Green Zone." Plans in the worst financial condition are considered Critical and Declining. Those in the best financial condition are considered Green. The scale of plan financial strength moves from the worst, which is Critical and Declining, to the best, which is Green, with each zone from 1 to 5 above showing progressively better financial health.

Plan's Financial Progress 2010 - 2017

On September 28, 2010, following a worldwide financial crisis, the actuary for the Trust certified the Plan to be in Critical status for the Plan Year beginning July 1, 2010. This certification was made pursuant to Internal Revenue Code section 432(b)(3). On October 22, 2010, the Board of Trustees adopted a Rehabilitation Plan, as required by federal law, to restore the financial strength of the Plan and to move it toward the Green Zone. That Rehabilitation Plan included two schedules, a Default Schedule, which would have reduced benefits, and an Alternative Schedule, which was designed to preserve the benefits of the Plan. As required, the Trustees presented the two schedules to the Union and to the employers contributing to the Trust, and all of these bargaining parties adopted the Alternative Schedule.

For each of the Plan Years beginning on July 1, 2010, through July 1, 2014, the Plan's actuary certified the Plan to be in Critical status. During this period, none of the signatory employers became subject to the Default Schedule. The Alternative Schedule remained in effect for all employers and applied to all Plan participants. Then on September 28, 2015, the Trustees received good news from the Plan's actuary about the Plan's financial condition. That financial condition had improved sufficiently so that the Plan was no longer in Critical status, and the actuary was able to certify that the Plan was in Endangered status for the Plan year beginning July 1, 2015. This improvement in financial condition and change in zone status meant that the Rehabilitation Plan was no longer required and that the Trustees could create and propose a Funding Improvement Plan to replace the Rehabilitation Plan.

2016 Funding Improvement Plan and 2017 Update

Federal law (the Pension Protection Act of 2006, as amended by the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010) requires the Trustees of a pension plan that has been certified by the plan's actuary as being in Endangered status to develop a Funding Improvement Plan. A Funding Improvement Plan must prescribe actions, including recommended actions to be taken by the bargaining parties, which are expected to enable the plan to meet stated financial goals by the end of the Funding Improvement Period, based on what actuaries understand and describe as reasonably anticipated experience and on reasonable actuarial assumptions.

The Plan actuary advised the Trustees that the Alternative Schedule to the former Rehabilitation Plan, which was previously adopted by all the bargaining parties, would meet all the goals required of a new Funding Improvement Plan. Based on that advice, the Trustees made the Default Schedule of the Funding Improvement Plan identical to the Alternative Schedule of the Rehabilitation Plan. This means that the Funding Improvement Plan will make no changes to existing contribution levels to the Plan and no changes to the benefits provided by the Plan. No Retired Participant, Participant or beneficiary will experience any change in benefits because of the ending of the Rehabilitation Plan and the adoption of the Funding Improvement Plan.

Federal law states that the Funding Improvement Plan must be designed to accomplish both of the following:

(1) An increase in the Plan's funded percentage, as defined by the Pension Protection Act, by the end of the Funding Improvement Period of at least 33% of the difference between 100% and the funded percentage as of the beginning of the Plan Year for which the status was initially certified as Endangered; and

(2) No accumulated funding deficiency during the final year of the Funding Improvement Period.

This 2017 Updated Funding Improvement Plan makes no changes in benefits under the Plan or in the required contribution rates.

Funding Improvement Period

The Funding Improvement Period for the Plan is the period of 10 Plan Years beginning July 1, 2016. If the actuary certifies before the end of this period that the Plan is no longer in Seriously Endangered or Endangered status for a Plan Year, and is not in Critical status as defined in the Pension Protection Act, the Funding Improvement Period will end as of the close of the preceding Plan Year.

Schedule

Based on the actuary's certified funded percentage of 68.1% as of July 1, 2015, the Funding Improvement Plan must contain at least one schedule showing benefit structures and contribution rates, or both, that are projected to (1) enable the funded percentage to improve to at least 78.7% by the end of the Funding Improvement Period, and (2) avoid a projected accumulated funding deficiency for the final year of the specified period.

The actuary's projections based on reasonable assumptions indicate that these requirements will be met without any changes to the current plan of benefits or to the contribution rates provided in the collective bargaining agreements currently in effect. Such projections also indicate that by maintaining the existing plan of benefits and contribution rates, the Plan's funded percentage will improve to 80% or more by the end of the Funding Improvement Period.

The Schedule adopted under this Funding Improvement Plan is named the Default Schedule, and it is attached. It is the only Schedule under this Funding Improvement Plan, and it maintains the current benefits and contribution rates as set forth in the Alternative Schedule to the prior Rehabilitation Plan.

Automatic Imposition of Prior Schedule, as Updated

If a collective bargaining agreement providing for contributions in accordance with a schedule expires after one or more updated schedules have been provided, and if the bargaining parties fail to adopt a contribution schedule consistent with the updated Funding Improvement Plan and its schedule, then 180 days after the expiration of such agreement, the schedule applicable to the expired agreement, as updated and in effect on such expiration date, will be automatically imposed. For purposes of the automatic imposition of an updated schedule 180 days after the date on which the collective bargaining agreement expires, a collective bargaining agreement that is extended past its original expiration date shall be considered to have expired on its original expiration date.

Annual Updating of Funding Improvement Plan

Each year the Plan's actuary will review and certify the status of the Plan under the Pension Protection Act funding rules and determine whether the Plan is making the scheduled progress to meet the requirements of the Funding Improvement Plan. If the Trustees determine that it is necessary in light of new information, the Trustees will revise the Funding Improvement Plan and the schedule(s) recommended under it. If necessary the Trustees may adopt one or more Alternative Schedules to the Default Schedule in future annual updates of the Funding Improvement Plan. Even if the Trustees determine in the future that changes in benefits and contribution schedules are required, a schedule of contribution rates provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

By motion duly adopted on September 20, 2017, the Board of Trustees of the Operating Engineers Pension Trust authorized the Chairman and Secretary of the Board of Trustees to sign and adopt this 2017 Updated Funding Improvement Plan.

Chairman	Secretary
09/20/2017	09/20/2017
Date	Date

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DEFAULT SCHEDULE
(This is the only schedule under this 2017 Updated Funding Improvement Plan)

No Changes to Benefits

The benefits in effect as of the date this Schedule was adopted by the Board of Trustees shall remain in effect for all current and future active Participants and for every year that the Plan is in Endangered status, except for any benefit changes required by federal law for the Plan to maintain its tax qualification under the Internal Revenue Code and to comply with all other applicable provisions of the law.

Benefit Accruals

The rate of benefit accrual under the Plan remains the same. No benefit accrual is earned for contributions in excess of $5.55 per hour.

Employer Contributions

The current Employer contribution rates shall be maintained under the Funding Improvement Plan at the level now in effect. No contribution increases are imposed by this Schedule.

This Schedule is subject to revision in future Plan Years if the Trustees determine that it is necessary to do so in light of the Fund's future financial condition and the requirements of the Pension Protection Act, or other applicable federal law.